

FINANCIAL STATEMENTS

LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO.1

d/b/a LADY OF THE SEA GENERAL HOSPITAL

JUNE 30, 2022 AND 2021

FINANCIAL STATEMENTS

LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO. 1

d/b/a LADY OF THE SEA GENERAL HOSPITAL

JUNE 30, 2022 AND 2021

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INDEPENDENT AUDITOR'S REPORT

To the Chairman and Board of Commissioners
Lafourche Parish Hospital Service District No. 1
d/b/a Lady of the Sea General Hospital
Galliano, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Lafourche Parish Hospital Service District No. 1, State of Louisiana, Parish of Lafourche, d/b/a Lady of the Sea General Hospital a component unit of the Lafourche Parish Council (Hospital), as, as of and for the year ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise Hospital's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hospital, as of June 30, 2022, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Hospital, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Hospital's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Hospital's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Hospital's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules identified in the table of contents as supplemental information are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 28, 2023 on our consideration of Hospital's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Hospital's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Hospital's internal control over financial reporting and compliance.

Langlinais Broussard & Kohlenberg

LANGLINAIS BROUSSARD & KOHLENBERG
 (A Corporation of Certified Public Accountants)
 Abbeville, Louisiana

March 28, 2023

LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a LADY OF THE SEA GENERAL HOSPITAL

STATEMENT OF NET POSITION

JUNE 30,

<u>ASSETS</u>	<u>2022</u>	<u>2021</u>
CURRENT ASSETS:		
Cash and Cash Equivalents	\$ 3,095,703	\$ 2,336,635
Investments	33,183,531	18,880,769
Accounts Receivable, Net of Allowance for doubtful accounts of \$2,499,904 in 2022 and \$2,216,503 in 2021, respectively	1,060,758	2,401,158
Due from Third Party Payors	4,465,382	3,698,232
Inventories	802,738	1,491,273
Prepaid Expenses	<u>386,887</u>	<u>514,302</u>
 Total Current Assets	 <u>42,994,999</u>	 <u>29,322,369</u>
ASSETS WHOSE USE IS LIMITED:		
By Board for Indenture Reserves - Debt Service Funds	<u>127,963</u>	<u>121,016</u>
Total Assets Whose Use is Limited	<u>127,963</u>	<u>121,016</u>
 PROPERTY, PLANT, AND EQUIPMENT:		
Property, Plant, and Equipment, Net of Accumulated Depreciation	<u>8,053,316</u>	<u>10,916,108</u>
 OTHER ASSETS:		
Other Receivables, Net of Estimated Uncollectibles of \$25,000 in 2022 and 2021, respectively	6,512,526	2,284,008
Other Assets	<u>214,659</u>	<u>214,659</u>
 Total Other Assets	 <u>6,727,185</u>	 <u>2,498,667</u>
 TOTAL ASSETS	 <u>\$ 57,903,463</u>	 <u>\$ 42,858,160</u>

The accompanying notes are an integral part of these financial statements.

LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a LADY OF THE SEA GENERAL HOSPITAL

STATEMENT OF NET POSITION

JUNE 30,

<u>LIABILITIES AND NET POSITION</u>	<u>2022</u>	<u>2021</u>
CURRENT LIABILITIES		
Current Portion of Long-Term Debt	263,586	364,823
Credit Balances	182,934	103,372
Accounts Payable	810,144	751,119
Accrued Salaries, Benefits and Related Withholdings	765,867	987,060
Due to Third Party Payors	1,860,067	2,588,375
Interest Payable	15,956	18,252
Accrued Self-Insurance	75,259	338,803
	<hr/>	<hr/>
Total Current Liabilities	3,973,813	5,151,804
 LONG-TERM LIABILITIES:		
Lease Obligations	129,213	527,879
Certificate of Indebtedness	520,000	680,000
General Obligation Bonds - Series 2013	1,175,000	1,385,000
	<hr/>	<hr/>
Total Long-Term Liabilities	1,824,213	2,592,879
 OTHER LIABILITIES:		
Deferred Inflows of Resources	11,637,320	-
	<hr/>	<hr/>
TOTAL LIABILITIES	17,435,346	7,744,683
 NET POSITION		
Invested in Capital Assets, Net of Related Debt	5,965,517	7,958,406
Restricted Net Position (Expendable)	127,963	121,016
Unrestricted Net Position	34,374,637	27,034,055
	<hr/>	<hr/>
TOTAL NET POSITION	40,468,117	35,113,477
 TOTAL LIABILITIES AND NET POSITION		
	<u>\$ 57,903,463</u>	<u>\$ 42,858,160</u>

The accompanying notes are an integral part of these financial statements.

LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a LADY OF THE SEA GENERAL HOSPITAL

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

FOR THE YEARS ENDED JUNE 30,

	2022	2021
OPERATING REVENUES:		
Net Patient Service Revenues Before Provision for Doubtful Accounts	\$ 20,579,658	\$ 26,483,515
Provision for Doubtful Accounts	(1,573,737)	(1,316,636)
Net Patient Service Revenues After Provision for Doubtful Accounts	19,005,921	25,166,879
340B Outside Pharmacy Revenue	551,411	1,234,888
Net Community Pharmacy Revenue	6,176,438	5,519,015
Intergovernmental Revenue-Operating	2,027,185	3,597,706
Other Operating Revenue	97,154	185,112
Total Operating Revenues	27,858,109	35,703,600
OPERATING EXPENSES:		
Salaries	12,962,367	16,297,940
Employee Benefits	3,200,015	3,826,521
Purchased Services	3,143,549	4,838,503
Supplies and Other	9,807,835	10,800,715
Depreciation and Amortization	842,305	1,338,702
Total Operating Expenses	29,956,071	37,102,381
LOSS FROM OPERATIONS	(2,097,962)	(1,398,781)
NON-OPERATING REVENUES (EXPENSES):		
Income on Investments Whose Use is Limited:		
Indenture Agreement and Board for Indenture Reserves	431	643
Grant Income	2,059,048	7,907,242
Interest Income	74,143	36,786
Interest Expense	(98,717)	(143,190)
Taxes:		
Bond - Restricted to Bond Retirement Fund	135,977	532,201
Maintenance	1,160,477	1,870,014
Insurance/FEMA Proceeds, Net of Disposed Assets	8,148,654	-
Hurricane Ida expense	(4,027,411)	-
TOTAL NON-OPERATING REVENUES (EXPENSES)	7,452,602	10,203,696
CHANGE IN NET POSITION	5,354,640	8,804,915
TOTAL NET POSITION, BEGINNING	35,113,477	26,308,562
TOTAL NET POSITION, ENDING	\$ 40,468,117	\$ 35,113,477

The accompanying notes are an integral part of these financial statements.

LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a LADY OF THE SEA GENERAL HOSPITAL

STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30,

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from and on behalf of patients	\$ 18,373,980	\$ 23,627,839
Receipts from 340B Program - Outside Pharmacy	494,166	1,019,865
Receipts from Intergovernmental Grant Agreement	3,448,876	2,476,174
Receipts from Community Pharmacies	6,122,889	5,469,784
Receipts from Other Operating Sources	97,154	185,112
Payments to Suppliers	(12,892,359)	(15,843,847)
Payments to Employees for Salaries, Benefits and Related Costs	(16,343,014)	(19,489,495)
Net Cash Flow Provided by (Used in) Operating Activities	(698,308)	(2,554,568)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Ad Valorem Taxes - Debt Service	135,977	532,201
Ad Valorem Taxes - Maintenance	1,160,477	1,870,014
Proceeds from Provider Relief Funds	1,491,678	316,319
Insurance Proceeds, net of related Hurricane expenses	3,254,143	-
Net Cash Provided by Non-Capital Financing Activities	6,042,275	2,718,534
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from Grant Revenue	567,369	341,722
Interest Paid on Long-Term Debt	(101,013)	(155,336)
Proceeds from the Issuance of Long-Term Debt	143,780	729,239
Repayment of Long-Term Debt	(1,013,947)	(699,428)
Net Cash (Used in) Capital and Related Financing Activities	(403,811)	216,197
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of Capital Assets	(1,648,147)	(2,270,982)
Proceeds from Sale of Investments	1,512,837	1,900,000
Purchase of Investments	(15,750,725)	(1,532,000)
Interest Income	74,574	37,429
Net Cash (Used in) Investing Activities	(15,811,461)	(1,865,553)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(10,871,305)	(1,485,390)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR, INCLUDING \$121,016 AND \$140,293, LIMITED TO USE FOR 2022 AND 2021, RESPECTIVELY	2,457,651	3,943,041
CASH AND CASH EQUIVALENTS AT END OF YEAR, INCLUDING \$127,963 AND \$121,016, LIMITED TO USE FOR 2022 AND 2021, RESPECTIVELY	\$ (8,413,654)	\$ 2,457,651

The accompanying notes are an integral part of these financial statements.

LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a LADY OF THE SEA GENERAL HOSPITAL

STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30,

CASH FLOWS FROM OPERATING ACTIVITIES:

Operating Loss	\$ (2,097,962)	\$ (1,398,781)
Adjustments to Reconcile Operating (Loss) to Net Cash Used in Operating Activities		
Depreciation and Amortization	842,305	1,338,702
Provision for Doubtful Accounts	1,573,737	1,316,636
Increase in Accounts Receivable	(153,775)	(1,611,127)
Increase in Due to/from Third Party Payors	(1,495,458)	(1,067,966)
(Decrease) Increase in Other Receivables	242,622	(1,421,357)
Decrease in Inventories and Prepaids	815,935	176,321
Increase in Accounts Payable and Accrued Expenses	(162,168)	(131,856)
Increase (Decrease) in Other Liabilities	<u>(263,544)</u>	<u>244,860</u>
 Net Cash Provided by (Used in) Operating Activities	 <u>\$ (698,308)</u>	 <u>\$ (2,554,568)</u>

The accompanying notes are an integral part of these financial statements.

LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a LADY OF THE SEA GENERAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE 1 - DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity. Lafourche Parish Hospital Service District No. 1, State of Louisiana, d/b/a Lady of the Sea General Hospital, a component unit of the Lafourche Parish Council (Hospital) is an acute care facility created pursuant to Louisiana Revised Statutes of 1950, Title 46, Chapter 10, and Ordinance No. 863 of Lafourche Parish Council adopted January 27, 1953. It is the Hospital's mission to provide its community with high quality care and education in a friendly, caring and professional manner.

The administration of the Hospital is governed by a Board of Commissioners consisting of five members appointed by the Lafourche Parish Council in accordance with the terms of office set forth in Louisiana Revised Statute 46:1053 and in Section 24:300 (C) of Sub-Chapter "G" of the Code of Ordinance of the Lafourche Parish Council.

As the governing authority of the parish, for reporting purposes, the Lafourche Parish Council is the financial reporting entity for Lafourche Parish. The financial reporting entity consists of (a) the primary government (Council), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

GASB Codification Sections 2100, 2600, and J50 (formerly GASB 14) established criteria for determining which component units should be considered part of the reporting entity for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include:

1. Appointing a voting majority of an organization's governing body, and
 - a. the ability of the Council to impose its will on that organization and/or
 - b. the potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Council.
2. An organization for which the Council does not appoint a voting majority but is fiscally dependent on the Council.
3. An organization for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the Council appoints all the members of the Hospital's governing board and can impose its will on the Hospital, the Hospital was determined to be a component unit of the Lafourche Parish Council. The accompanying financial statements present information only on the funds maintained by the Hospital and do not present information on the council, the general government services provided by that government unit, or the other governmental units that comprise the financial reporting entity.

Accounting Standards. The financial statements of the Hospital have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Proprietary Fund Accounting. The Hospital utilizes the proprietary fund method of accounting and follows guidance in GASB Codification Section P80. Revenues and expenses are recognized on the accrual basis using the economic resources measurement focus. Substantially all revenues and expenses are subject to accrual. The basic financial statements include Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and Statement of Cash Flows.

LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO.1
d/b/a LADY OF THE SEA GENERAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE 1 - DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONT

Cash and Cash Equivalents. Cash and cash equivalents include investments in highly liquid debt instruments with a maturity of three months or less, excluding amounts whose use is limited by board designation, other arrangements under trust agreements, or with third-party payors.

Assets Whose Use is Limited. Assets whose use is limited include assets set aside by the Board of Commissioners for future capital improvements and future indenture agreements, over which the Board retains control and may at its discretion subsequently use for other purposes; assets set aside in accordance with agreements with third-party payors; and assets held by trustees under indenture agreements and self-insurance trust agreements.

Inventory. Inventory is valued at the lower of cost or market using the first-in, first-out method.

Capital Assets. Capital assets are carried at cost or, if donated, at fair value at date of donation. Capital Assets are defined by the Hospital as assets with an initial individual cost of more than \$5,000 and an initial useful life of three years or greater. Depreciation is computed by the straight-line method over the assets' estimated useful lives generally ranging from 3 to 40 years. Equipment under lease is stated at the sum of the initial measurement of the lease liability plus any payments made to the lessor at or before the commencement of the lease term plus initial direct cost necessary to place the lease asset in service. Leased equipment is amortized on the straight-line method over the shorter of the lease term or estimated useful lives of the assets.

Net Position. GASB 63 and GASB Codification Section P80, states that net position is equal to assets plus deferred outflows of resources less liabilities and deferred inflows of resources. Net position classifications are defined as follows:

Invested in Capital Assets, Net of Related Debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets invested in capital assets, net of related debt excludes unspent debt proceeds.

Restricted Net Position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets may be restricted when there are limitations imposed on their use either through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position consists of net position that does not meet the definition of the two preceding categories.

The Hospital first applies restricted resources when an expenditure is incurred for purposes for which both restricted and unrestricted net position are available.

Costs of Borrowing. Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets. Interest earned on these borrowed funds, before the funds are spent on the construction of the capital assets, is also capitalized.

Investments. Investments, including assets limited as to use, are recorded at fair value in accordance with GASB Codification Section I50.105, *Accounting and Financial Reporting for Investments*. Investments in equity securities with readily determinable fair values and all investments in debt securities, including those classified as assets limited as to use, are measured at fair value in the Statement of Net Position. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investment income, including realized gains and losses on investments, interest and dividends, and changes in unrealized gains and losses are included in non-operating income. Investments in associated companies are accounted for by the equity method of accounting under which the Hospital's

LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO.1
d/b/a LADY OF THE SEA GENERAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE 1 - DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONT

share of the net income of the associated companies is recognized as income in the Hospital's statement of activities and added to the investment account. Dividends and distributions received from the associated companies are treated as a reduction of the investment account.

Use of Estimates. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates. See the disclosure regarding Net Patient Service Revenue below for further discussion of significant estimates involving the revenue recognition methods of the Hospital.

Net Patient Service Revenue and Related Receivables. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods, as final settlements are determined. The Hospital provides care to patients even though they may lack adequate insurance or may be covered under contractual arrangements that do not pay full charges. As a result, the Hospital is exposed to certain credit risks. The Hospital manages such risk by regularly reviewing its accounts and contracts, and by providing appropriate allowances.

Patient receivables are carried at original charge amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a timely basis. Management estimates the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Patient receivables are written off when deemed uncollectible. Recoveries of patient receivables previously written off are recorded when received.

Non-Direct Response Advertising. The Hospital expenses advertising costs as incurred.

Compensated Absences. Employees of the Hospital are entitled to paid time off depending on their length of service and other factors. Accrued compensated absences included as a component of accrued salaries, benefits and related withholdings on the Hospital's Statement of Net Position for June 30, 2022 and 2021, was \$407,811 and \$464,877, respectively.

Grants and Contributions. From time to time, the Hospital receives grants and contributions from individuals or private and public organizations. Revenues from grants and contributions (including contributions of capital assets) are recognized when all the eligibility requirements, including time requirements, are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as non-operating revenues. Amounts restricted to capital acquisitions are reported after non-operating revenues and expenses.

Operating Revenues and Expenses. The Hospital's Statement of Revenues, Expenses, and Changes in Net Position distinguishes between operating and non-operating revenues and expenses. Operating revenues result from exchange transactions associated with providing health care services, the Hospital's principal activity. Non-exchange revenues, including taxes, grants, and contributions received for purposes other than capital asset acquisition, are reported as non-operating revenues. Operating expenses are all expenses incurred to provide health care services, other than financing costs.

Ad Valorem Taxes. Property taxes were levied on January 1, on property values assessed on that date. Notices of tax liability are mailed on or about November 1, of the same year and are due and payable at that time. All unpaid taxes levied become delinquent January 1, of the following year. Property tax revenues are recognized in the same fiscal year within which they are billed because they are considered "available" in that period. "Available" includes those property tax receivables expected to be collected within sixty days after year end.

LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO.1
d/b/a LADY OF THE SEA GENERAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE 1 - DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONT

Property taxes are collected through the local sheriff and remitted, net of collection fees, to the Hospital. The sheriff's office is responsible for collection, including establishing lien, levy and due dates of property taxes.

Income Taxes. The Hospital is a political subdivision and exempt from taxes. The hospital is required to file Form 990-T for the retail pharmacies.

Environmental Matters. Due to the nature of the Hospital's operations, materials handled could lead to environmental concerns. However, at the time, management is not aware of any environmental matters which need to be considered.

Reclassifications. To be consistent with current year classifications, some items from the previous year have been reclassified with no effect on net position.

NOTE 2 - MAJOR SOURCE OF REVENUE

The Hospital participated in the Medicare and Medicaid programs as a provider of medical services to program beneficiaries. The Hospital derived approximately 45% and 41% of its gross patient service revenue for June 30, 2022 and 2021, respectively, from patients covered by the Medicare and Medicaid programs.

NOTE 3 - ACCOUNTS RECEIVABLE - PATIENTS

Accounts receivable are reduced by an allowance for doubtful accounts. In evaluating the collectability of accounts receivable, the Hospital analyzes its history and identifies the trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts. For receivables associated with services provided to patients who have third-party coverage, the Hospital analyzes contractually due amounts and provides an allowance and a provision for bad debts, if necessary. For receivables associated with Medicaid, Commercial and Self-pay patients, the Hospital records a significant provision for bad debts in the period of service based on its experience and on the age of the receivables balance. The aged balance indicates that third-party claims have reached an age where the probability of payment is low and the self-pay patients are unable or unlikely to pay the portion of their bill for which they are financially responsible. The difference between the standard rates and the amounts collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts.

Patients Accounts Receivable consists of the following:

	2022	2021
Total Patients Accounts Receivable	\$ 4,843,706	\$ 7,327,559
Less: Allowances for Doubtful Accounts and Contractual Allowances	3,782,948	4,926,401
Net Patient Accounts Receivable	\$ 1,060,758	\$ 2,401,158

LAFORCHE PARISH HOSPITAL SERVICE DISTRICT NO.1
d/b/a LADY OF THE SEA GENERAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE 4 - NET PATIENT SERVICE REVENUE

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from established rates. Payment arrangements include prospectively determined rates-per-discharge, reimbursed costs, discounted charges and per diem payments. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in a future period as final settlements are determined.

The primary third-party programs include Medicare and Medicaid, which account for a significant amount of the Hospital's revenue. The laws and regulations under which Medicare and Medicaid programs operate are complex, and subject to interpretation and frequent changes. As part of operating under these programs, there is a possibility that government authorities may review the Hospital's compliance with these laws and regulations. Such review may result in adjustments to program reimbursement previously received and subject the Hospital to fines and penalties. Although no assurance can be given, management believes it has complied with the requirements of these programs.

A summary of the payment arrangements with major third-party payors follows:

Medicare. The Hospital is paid for inpatient and outpatient services rendered to Medicare program beneficiaries under cost-based reimbursement methodology. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. The retrospectively determined classification of patients and the appropriateness of the patients' admissions are subject to validation reviews by a Medicare peer review organization, which is under contract with the Hospital to perform such reviews. The Hospital files a year end cost report with Medicare to determine final settlement. This cost report is subject to audit by the Medicare fiscal intermediary.

The Hospital's Medicare cost reports have been settled by the Medicare fiscal intermediary through June 30, 2020.

Medicaid. Inpatient care services rendered to Medicaid program beneficiaries are paid at prospectively determined rates per day. Certain outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology. The Hospital is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicaid fiscal intermediary. The Hospital's Medicaid cost reports have been settled by the Medicaid fiscal intermediary through June 30, 2015. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods, as settlements are determined.

The Louisiana Legislature, through the Healthcare Reform Act of 2007 and Act 1 of 2010, tasked the Department of Health and Hospitals to create a new system of care. In response, the Louisiana Department of Health and Hospitals (DHH) reformed its reimbursement methodology for Medicaid patients from a fee-for-service system to the use of a Coordinated Care Network (CCN). During 2011, the Louisiana Department of Health and Hospitals enabled certain third-party payor companies to contract with providers under the Coordinated Care Network methodology. The Hospital is currently contracted and enrolled with payors participating in the Coordinated Care Network. Cost reports are filed with these CCNs and are subject to audit.

Commercial. The Hospital has entered into payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations. The basis for payment under these agreements includes prospectively determined rates-per-discharge, discounts from established charges and prospectively determined daily rates.

LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO.1
d/b/a LADY OF THE SEA GENERAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE 4 - NET PATIENT SERVICE REVENUE, CONT

For uninsured patients that do not qualify for charity care, the Hospital recognizes revenue based on its standard rates for services provided. Based on historical experience, a significant portion of the Hospital's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the Hospital records a significant provision for bad debts related to uninsured patients in the period the services are provided. Patient service revenue, net of contractual allowances and discounts, recognized in the period from these major sources, is as follows.

Net Patient Service Revenue by Payor before Provision for Doubtful Accounts:

	<u>2022</u>	<u>2021</u>
Medicare	\$ 1,904,819	\$ 4,052,138
Medicaid	8,627,436	8,188,043
All Other Payors	10,047,403	14,243,334
Total Net Patient Service Revenue Before Provision for Doubtful Accounts	\$ 20,579,658	\$ 26,483,515

The following schedule represents total Net Patient Service Revenue:

	<u>2022</u>	<u>2021</u>
Gross Patient Service Revenue	\$ 36,209,158	\$ 58,584,618
Less: Contractual Adjustments	15,629,500	32,101,103
Net Patient Service Revenue Before Provision for Doubtful Accounts	20,579,658	26,483,515
Provision for Doubtful Accounts	1,573,737	1,316,636
Net Patient Service Revenue After Provision for Doubtful Accounts	\$ 19,005,921	\$ 25,166,879

NOTE 5 - PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment, by major category, is as follows:

June 30, 2022

	Asset Life in	Beginning	Additions	Deletions	Ending
	Years	Balance			Balance
Land Improvements	10 - 20	\$ 238,781	\$ -	\$ 12,131	\$ 226,650
Building	10 - 20	14,716,177		4,287,426	10,428,751
Fixed Equipment	15 - 20	1,318,354	-	547,432	770,922
Major Movable Equipment	5 - 20	21,243,481	893,643	14,954,596	7,182,528
Right of Use Assets		448,804	-	-	448,804
Total Cost		37,965,597	893,643	19,801,585	19,057,655
Less: Accumulated Depreciation		27,636,757		15,443,127	12,193,630
Less: Accumulated Depreciation-ROU Asset		54,608	835,285	768,546	121,347
Gross Accumulated Depreciation		27,691,365	835,285	16,211,673	12,314,977
Depreciable Capital Assets, Net		10,274,232	58,358	3,589,912	6,742,678
Land		551,374	15,000	-	566,374
Construction in Progress		90,502	739,504	85,742	744,264
Net Property, Plant, and Equipment		\$ 10,916,108	\$ 812,862	\$ 3,675,654	\$ 8,053,316

LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO.1
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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE 5 - PROPERTY, PLANT, AND EQUIPMENT, CONT

June 30, 2021

	Asset Life in Years	Beginning Balance	Additions	Deletions	Ending Balance
Land Improvements	10 - 20	\$ 238,781	\$ -	\$ -	\$ 238,781
Building	10 - 20	14,684,877	31,300	-	14,716,177
Fixed Equipment	15 - 20	1,318,354	-	-	1,318,354
Major Movable Equipment	5 - 20	19,667,252	1,630,197	53,968	21,243,481
Right of Use Assets	5 - 20	-	448,804	-	448,804
Total Cost		35,909,264	2,110,301	53,968	37,965,597
Less: Accumulated Depreciation		26,406,631	1,284,094	53,968	27,636,757
Less: Accumulated Depreciation-ROU Asset		-	54,608	-	54,608
Gross Accumulated Depreciation		26,406,631	1,338,702	53,968	27,691,365
Depreciable Capital Assets, Net		9,502,633	771,599	-	10,274,232
Land		387,493	163,881	-	551,374
Construction in Progress		93,702	-	3,200	90,502
Net Property, Plant, and Equipment		\$ 9,983,828	\$ 935,480	\$ 3,200	\$10,916,108

Depreciation expense for the fiscal years ended June 30, 2022 and 2021 was \$842,305 and \$1,338,702, respectively.

On August 29, 2021, Hurricane Ida made landfall on the Louisiana Gulf Coast. The storm severely impacted the southeast Louisiana region, and the Hospital suffered significant damage from the storm. At the present time, the total loss to the Service District and the amount of reimbursement is unknown. Management is in the process of deciding whether to repair the hospital or demolish and rebuild from scratch.

The impairment loss of the hospital building resulting from the hurricane cannot be determined at this time. As of the balance sheet date, the building is idle until a decision is finalized on whether the building will be renovated or demolished. The value of the idle building is \$6,048,345.

The total amount of insurance proceeds and FEMA funding related to the storm to be received cannot be determined at this time. As of June 30, 2022, the Hospital has recognized FEMA and insurance proceeds in the amount of \$11,748,659. The Hospital has deferred \$11,637,320 pending a decision on replacing or repairing the building.

The Hospital has recognized \$3,893,692 in cost directly related to Hurricane Ida, indirect costs are reported in their respective departments.

LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO.1
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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE 6 - LONG-TERM DEBT

Long-term debt at June 30, 2022 and 2021 consisted of the following:

	2022	2021
General Obligation Bonds dated October 3, 2013, original amount of \$3,000,000 bearing interest of 3.38%, maturing serially on March 1, of each year beginning in 2014, with interest payable March 1, and September 1, of each year beginning in 2014, with the final maturity on March 1, 2028. The bonds are collateralized by the Hospital's ad valorem tax revenues.	\$ 1,385,000	\$ 1,590,000
Certificate of Indebtedness, Series 2015, dated August 4, 2015, bearing a variable interest rate of no more than 5.00%, maturing July 1, 2025, with interest payable semi-annually, collateralized by excess of annual revenues.	520,000	680,000
Right of Use Obligation, of the Koncia Minolta Bizhub 4752, payable in 60 monthly installments at a 1.58% interest rate, maturity in 2025	174,257	385,002
Right of Use Obligation, of the Pitney Bowes, payable in 60 monthly installments at a 1.47% interest rate, maturity in 2024	8,542	11,942
Capital Lease Payable, dated July 1, 2020, bearing an interest rate of 1.43%, with payments due monthly, collateralized by radiology equipment.	-	290,757
Total Debt	2,087,799	2,957,701
Less: Current Portion	263,586	364,823
Long-Term Debt	\$ 1,824,213	\$ 2,592,878

Scheduled repayments on long-term debt are as follows:

June 30, 2022

	Principal	Interest	Total
2023	263,586	\$ 68,813	\$497,399
2024	439,543	52,353	501,895
2025	452,913	35,043	492,956
2026	436,758	22,112	278,870
2027	245,000	13,971	258,971
2028 - 2032	250,000	5,633	255,633
Total	\$ 2,087,799	\$ 197,925	\$ 2,285,724

June 30, 2021

	Principal	Interest	Total
2022	364,823	77,348	\$ 442,171
2023	532,355	67,952	600,308
2024	549,933	63,440	613,373
2025	563,111	45,066	608,177
2026	452,479	26,674	479,153
2027 - 2031	495,000	19,604	514,604
Total	\$ 2,957,701	\$ 300,084	\$ 3,257,786

LAFORCHE PARISH HOSPITAL SERVICE DISTRICT NO.1
d/b/a LADY OF THE SEA GENERAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE 6 - LONG-TERM DEBT, CONT

A summary of debt activity for the year ended is as follows:

	<u>June 30, 2022</u>				
	<u>Beginning</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u>	<u>Due Within One Year</u>
General Obligation Bonds, Series 2013	\$1,590,000		\$ 205,000	\$1,385,000	\$ 210,000
Certificate of Indebtedness	680,000		160,000	520,000	
Lease Obligations	687,701	143,780	648,682	182,799	53,586
COVID-19 Related Debt	-	1,491,679	1,491,679	-	-
Total	<u>2,957,701</u>	<u>1,635,459</u>	<u>2,505,361</u>	<u>2,087,799</u>	<u>263,586</u>
	<u>June 30, 2021</u>				
	<u>Beginning</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u>	<u>Due Within One Year</u>
General Obligation Bonds, Series 2013	\$1,790,000	\$ -	\$ 200,000	\$1,590,000	\$ 205,000
General Obligation Bonds, Series 2012	283,000	-	283,000	-	-
Certificate of Indebtedness	835,000	-	155,000	680,000	-
Lease Obligations	20,139	729,239	61,677	687,701	159,823
COVID-19 Related Debt	7,217,414	316,619	7,534,033	-	-
Total	<u>10,145,553</u>	<u>1,045,858</u>	<u>8,233,710</u>	<u>2,957,701</u>	<u>364,823</u>

NOTE 7 - BOND DEFEASANCE

On July 18, 2012, the Hospital issued \$2,153,000 in General Obligation Refunding Bonds, Series 2012, with an interest rate of 2.270% and annual debt service payments from \$232,274 to \$289,424. These bonds were issued through a current refunding of \$2,125,000 of outstanding 2001 General Obligation Bonds bearing interest rates ranging from .10% to 5.15%. The net proceeds of \$2,153,000 after payment of \$29,568 in debt issuance costs plus an additional \$45,860 of debt service fund monies were used to immediately refund the General Obligation Refunding Bonds, Series 2001.

As a result, the General Obligation Refunding Bonds, Series 2001 are considered defeased and the liability has been removed from the Statement of Net Position. The reacquisition price exceeded the net carrying amount of the old debt by \$43,924. This amount is reflected on the Statement of Net Position as Deferred Outflows of Resources and is being amortized over the remaining life of the refunded debt, which has the same life as the original note. The current refunding resulted in the reduction of aggregate debt service payments over the next nine years by \$272,758, and the Hospital obtained an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$250,750. The effective interest rate on the new issue is 2.27%. As of fiscal year 2021 the General Obligation Refunding Bonds, Series 2001 was paid off.

NOTE 8 - CONCENTRATIONS OF CREDIT RISK

The Hospital grants credit without collateral to its patients, most of whom are locals and are insured under third-party payor agreements. The mix of gross receivables from patients and third-party payors at June 30, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Medicare	9%	11%
Medicaid	22%	23%
Commercial and other third-party payors	25%	40%
All others	44%	26%
Total	<u>100%</u>	<u>100%</u>

LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO.1
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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE 9 - CASH FLOWS SUPPLEMENTAL INFORMATION

Cash and cash equivalents as of June 30, 2022 and 2021, respectively, consist of the following:

	<u>2022</u>	<u>2021</u>
Cash and Cash Equivalents	\$ 3,095,703	\$ 2,336,635
Assets Limited to Use	<u>127,963</u>	<u>121,016</u>
Total	<u>\$ 3,223,666</u>	<u>\$ 2,457,651</u>

Total interest paid by the Hospital was \$100,748 and \$150,925 for the years ended June 30, 2022 and 2021, respectively.

NOTE 10 - COMMITMENTS

Employment Contracts. The Hospital has employment contracts with multiple physicians, which expire at varying times. These agreements generally provide for a base salary or hourly rate in return for services provided, and incentive compensation based on practice income as defined in the individual agreements. The agreements stipulate the circumstances under which termination may occur. The terms of some of the agreements, however, stipulate that in the case of termination without cause, the Hospital is obligated to provide reduced base salary payments for varying monthly periods as is defined in the agreements.

NOTE 11 - DEFERRED COMPENSATION PLAN AND PENSION PLAN

The Hospital has a 403 (b) plan where qualifying employees may defer certain amounts of their salary.

Effective November 1, 1995, all full-time employees who had one year of continuous service are eligible to participate in the Hospital's retirement plan. The plan is a defined contribution, money purchase plan. The plan is voluntary and there is no requirement for employees to contribute to the plan. The employee contribution has a maximum set at 20% of base pay, or other guidelines as required by tax code. Part-time employees can participate in the plan but are limited to only employee contributions. Employees are 100% vested at the time of their enrollment so there are no forfeitures.

The Hospital funds the plan based on a percentage of eligible employees' annual salary. This percentage is determined by the Board annually and is currently 3.25%. There is no prior funding required. The Hospital's contribution to the plan for June 30, 2022 and 2021 was \$354,518 and \$405,462, respectively. At June 30, 2022 and 2021, the amount due to the plan was \$3,835 and \$88,649, respectively.

The hospital also has the Lady of the Sea General Hospital 457(b) plan which was enacted on October 1, 2008. The Hospital incurs no cost under this plan. The plan allows for pre-tax deferrals of income for chief officers, nurse practitioners, physicians, physician assistants, and directors. The plan is voluntary and there is no requirement for employees to contribute to the plan. These employees are eligible to participate in the plan on their first day of employment and are 100% vested at the time of their enrollment.

LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO.1
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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE 12 - CONTINGENCIES AND RISK MANAGEMENT

The Hospital is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The Hospital is a member of two separate trust funds established by the Louisiana Hospital Association that encompass self-insurance of (1) Hospital professional liability and comprehensive general liability and (2) Statutory workers' compensation. The Hospital continues to carry commercial insurance for all other risks of loss.

The Hospital participates in the State of Louisiana patient compensation fund (the fund). The fund provides malpractice coverage to the Hospital for claims in excess of \$100,000 up to \$500,000. According to current state law, medical malpractice liability (exclusive of future medical care awards) is limited to \$500,000 per occurrence. The management of the Hospital has no reason to believe that the Hospital will be prevented from continuing its participation in the fund.

Professional Liability. The Hospital's membership in the Louisiana Hospital Association Trust Fund provides additional coverage for medical malpractice liability. The trust fund bills members in advance, based upon an estimate of their exposure. At policy year-end, premiums are re-determined utilizing actual losses of the Hospital. The trust fund presumes to be a "grantor trust" and, accordingly, income and expenses are prorated to member hospitals. The Hospital has included these allocations and equity amounts assigned to the Hospital by the trust fund in its financial statements.

Workers' Compensation. The Hospital also participates in the Louisiana Hospital Association Self Insurance Workmen's Compensation Trust fund. Should the fund's assets not be adequate to cover claims made against it, the Hospital may be assessed its pro rata share of the resulting deficit. It is not practical to estimate the amount of additional assessments, if any, and the costs

associated with any such assessments are treated as period expenses at the time they are assessed. The trust fund presumes to be a "grantor trust" and, accordingly, income and expenses are prorated to member hospitals. The Hospital has included these allocations and equity amounts assigned to the Hospital by the trust fund in its financial statements.

Self-Insurance for Health Insurance. The Hospital elected to self-insure employee and eligible dependent health claims. The self-insured claims are processed through a plan administrator. The Hospital's self-insured plan has stop-loss insurance coverage for claims in excess of \$100,000 per individual per plan year and \$35,000 in the aggregate for claims in excess of the individual stop-loss. Prior to this election, the Hospital maintained commercial insurance coverage for health claims.

Laws and Regulations. The healthcare industry is subject to numerous laws and regulations of federal, state, and local governments. Compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time. These laws and regulations include, but are not limited to, accreditation, licensure, government health care program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers.

Violations of these laws and regulations could result in exclusion from government health care program participation, together with the imposition of significant fines and penalties, as well as significant repayment for past reimbursement for patient services received. While the Hospital is subject to similar regulatory reviews, management believes the outcome of any such regulatory review will not have a material adverse effect on the Hospital's financial position.

LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO.1
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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE 13 - BANK DEPOSITS AND INVESTMENTS

State statutes authorize the Hospital to invest in obligations of the U.S. Treasury, certificates or other obligations of the United States of America, and time certificates of deposit of state banks organized under the laws of Louisiana and national banks having the principal office in the State of Louisiana. The hospital must follow Louisiana state statutes regarding collateralization. Per Louisiana Revised Statute 39:1225, the amount of the security shall at all times be equal to one hundred percent of the amount of collected funds on deposit to the credit of each depositing authority except that portion of the deposits insured by any governmental agency insuring bank deposits which is organized under the laws of the United States.

At June 30, 2022 and 2021, the Hospital had bank balances as follows:

	2022	2021
Insured (FDIC)	\$ 283,892	\$ 411,115
Collateralized by securities held by the pledging financial Institutions' trust department in the hospital's name	3,765,717	2,439,076
	4,049,609	2,850,191
Carrying Value	\$ 3,975,771	\$ 2,802,366

For June 30, 2022 and 2021, respectively, investment income and gains on assets limited as to use, cash equivalents, and other investments are comprised of the following:

	2022	2021
Interest Income	\$ 431	\$ 643

Investments consists of assets held in The Louisiana Asset Management Pool (LAMP) which is an investment pool established as a cooperative endeavor to enable public entities of the State of Louisiana to aggregate funds for investment. It is administered by Louisiana Asset Management Pool, Incorporated, a nonprofit corporation, which is subject to the regulatory oversight of the Treasurer of the State of Louisiana. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA R.S. 33:2955. LAMP is designed to be highly liquid and prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 60 days and consists of no securities with a maturity in excess of 397 days. Investments are reported at fair value on the Statement of Net Position. The fair value for these investments is not materially different from its reported amounts.

At year end, the Hospital's investment balances were as follows:

	2022	2021
LAMP (AAAm/Standard & Poor)	\$ 33,183,531	\$ 18,880,769

LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO.1
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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE 13 - BANK DEPOSITS AND INVESTMENTS, CONT

Fair Value of Financial Instruments.

FASB Accounting Standards Codification Topic 820, "Fair Value Measurements (Topic 820)". Topic 820 requires disclosures that stratify balance sheet amounts measured at fair value based on the inputs used to derive fair value measurements. These levels are:

Level 1 - inputs are based upon adjusted quoted prices for identical instruments traded in active markets.

Level 2 - inputs are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of assets or liabilities.

Level 3 - inputs are generally unobservable and typically reflect management's estimate of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques that include option pricing models, discounted cash flow models, and similar techniques.

All investments are based on Level 1 inputs. The hospital relies on the valuation procedures and methodologies of the external managers hired specifically to invest in such securities or in strategies which employ such securities.

NOTE 14 - ASSETS LIMITED AS TO USE

On October 3, 2013, the Hospital issued General Obligation Bonds in the amount of \$3,000,000, which required restricted cash to be held in the form of a sinking fund. Section 9.1 of the Series 2013 bond document requires the following cash reservation:

Sinking Fund (a) For the payment of the principal of and the interest on the Bonds, the issuer will maintain a special fund, to be held by the regularly designated fiscal agent of the issuer (the "sinking" fund), into which the issuer will deposit the proceeds of the aforesaid tax...and no other moneys whatsoever...Funds fully sufficient to pay promptly the principal and interest falling due on such date.

Assets limited as to use that are required for obligations classified as current liabilities are reported in current assets. The composition of assets limited as to use at June 30, 2022 and 2021, are as follows:

	<u>2022</u>	<u>2021</u>
Under Indenture Agreement:		
Debt Service Funds	<u>\$ 127,963</u>	<u>\$ 121,016</u>

NOTE 15 - CHARITY CARE

The Hospital provides services without charge or at amounts less than its rates to patients who meet the criteria of its charity care policy. The criterion for charity care considers items such as family income, net worth, extent of financial obligations for healthcare services, etc. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, such amounts are not reported in revenue.

LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO.1
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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE 15 - CHARITY CARE, CONT

The Hospital maintains records to identify and monitor the level of charity care it provides. These records include the amount of charges foregone for services and supplies furnished under its charity care policy. Charges forgone, based on established rates, were approximately \$78,329 and \$272,390 for the years ended June 30, 2022 and 2021, respectively.

Management estimates that approximately \$50,131 and \$147,091 of costs were related to charity care for the years ended June 30, 2022 and 2021, respectively. This estimate is based on a ratio of total cost to gross patient charges applied to gross uncompensated charges associated with providing care to charity patients.

NOTE 16 - NET POSITION

Net position for the years ended June 30, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Invested in capital assets, net of related debt	\$ 5,965,517	\$ 7,958,408
Restricted for:		
Bond Indenture (expendable)	127,963	121,016
Unrestricted	<u>34,374,637</u>	<u>27,034,053</u>
Total Net Position	<u>\$ 40,468,117</u>	<u>\$ 35,113,477</u>

NOTE 17 - GRANT REVENUE

The Hospital entered into a cooperative endeavor agreement (CEA) with a regional public rural hospital (Grantor) whereby the Grantor awards as an intergovernmental transfer (IGT) to be used solely to provide adequate and essential medically necessary and available healthcare services to the Hospital's service population subject to the availability of such grant funds. The aggregate IGT grant income is \$2,027,185 and \$3,597,706 for the years ended June 30, 2022 and 2021, respectively. The Hospital recognized non-operating grant income of \$284,680 and \$241,187 from Medicare and Medicaid for the years ended June 30, 2022 and 2021, respectively, as an incentive for implementing electronic health records (EHR). The key component of receiving the EHR incentive payments is "demonstrating meaningful use" which is meeting a series of objectives that make use of an EHR's potential related to the improvement of quality, efficiency, and patient safety. The Centers for Medicare and Medicaid has indicated that demonstrating meaningful use will be phased in in three stages, with each progressive stage incorporating more stringent measures. The Hospital's policy is to record the incentive payments once various stages have been met rather than recognizing ratably throughout the attestation period. To receive the incentive payments under each stage, a hospital must attest through a secure mechanism that they have met the meaningful use criteria. The EHR payments each year are based on management's best estimate.

The payments can be retained, and additional payments can be earned for each stage if the Hospital meets certain criteria in future implementation. The EHR incentive payments are reimbursed at a tentative rate with final settlement determined after submittal of the annual cost reports and audits thereof by the fiscal intermediaries.

Various other grants were received during the year for other uses.

LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO.1
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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE 18 - 340B DRUG PROGRAM

The Hospital participates in the 340B Drug Pricing Program through the Health Resources and Services Administration (HRSA). Eligible patients receiving care from the Hospital may receive reduced pricing on certain prescriptions if filled with an outside retail pharmacy which is contracted with the Hospital. Gross revenue recognized from 340B outside pharmacies for the years ended June 30, 2022 and 2021 were \$551,411 and \$1,234,888, respectively.

NOTE 19 - RETAIL PHARMACY REVENUE

On January 8, 2015, the Hospital opened Lady of the Sea Community Pharmacy in Larose, Louisiana. On July 1, 2015, the Hospital opened Lady of the Sea Community Pharmacy in Cut Off, Louisiana. Net revenues for the pharmacies are shown on the face of the Statement of Revenues, Expenses, and Changes in Net Position. Net revenues are as follows:

	<u>2022</u>	<u>2021</u>
Gross Pharmacy Revenue	\$ 16,103,411	\$ 15,485,432
Less: Contractual Adjustments	<u>9,926,973</u>	<u>9,966,417</u>
Net Community Pharmacy Revenue	<u>\$ 6,176,438</u>	<u>\$ 5,519,015</u>

The Lady of the Sea Community Pharmacy participates in the 340B drug pricing program for eligible patients of the Hospital.

NOTE 20 - GOVERNMENTAL REGULATIONS

The healthcare industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government healthcare program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. Violations of these laws and regulations could result in expulsion from government healthcare programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes that the Hospital is in compliance with fraud and abuse as well as other applicable government laws and regulations. Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time.

Legislation and regulation at all levels of government have affected and are likely to continue to affect the operation of the Hospital. It is not possible currently to determine the impact on the Hospital of government plans to reduce Medicare and Medicaid spending, government implementation of national and state healthcare reform or market-initiated delivery system and/or payment methodology changes. However, such changes could have an adverse impact on operating results, cash flows and estimated debt service coverage of the Hospital in future years.

LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO.1
d/b/a LADY OF THE SEA GENERAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE 21 - RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In May 2020, the GASB issued Statement 96. The objective of GASB 96, Subscription-Based Information Technology Arrangements, is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users. The requirements of GASB 96 are effective for fiscal years beginning after June 15, 2022. Earlier application is encouraged.

NOTE 22 - CARES ACT FUNDING

the C H.R. 748, the Coronavirus Aid, Relief, and Economic Security Act (CARESA) which was signed into law by the President on March 27, 2020. This Act established several different tranches of funds meant to ensure businesses would be able to continue paying their employees and other bills despite the reduction in revenue. Lady of the Sea received funds from three of the different portions of funds: The Small Business Administration's Paycheck Protection Program, the Medicare Accelerated Program, and Provider Relief Funds.

Paycheck Protection Program

The hospital received \$2,887,645 on May 7, 2020. This money was to be used for payroll costs, utility payments, lease agreements, and interest on mortgage obligations. If certain criteria are met, all or part of the loan will be forgiven. Any portion that isn't forgiven must be repaid over two years at an interest rate of 1%. As of June 15, 2021, the Paycheck Protection Program loan of \$2,887,645 and accrued interest of \$32,041 was forgiven by the Small Business Administration. The loan forgiveness amount was recognized as other non-operating revenue and the accrued interest forgiven amount was recognized as interest income in the fiscal year of 2021.

Medicare Accelerated Program

The hospital received \$2,343,504 in Medicare Accelerated Payments on April 13, 2020. This program has been in existence but was amended and expanded by the Act for the purposes of getting more funding to Medicare Part A providers and Part B suppliers. If these funds are not repaid within one year from the date they were received, CMS will recover the funds by way of recoupment of twenty-five (25) percent of Medicare payments owed to the Hospital for the first eleven (11) months, then recouped at fifty (50) percent for the next six (6) months. The total recoupment will take place over a maximum of twenty-nine (29) months. After that time, a demand letter will be issued for any remaining balance due subject to an interest rate of four (4) percent. CMS began recouping funds during the 2021 fiscal year, and the Hospital has a balance due of \$1,647,662 as of June 30, 2022.

Provider Relief Funds

The Hospital received \$4,646,388 in fiscal year 2021 and \$1,491,679 in fiscal year 2022 under this section of the CARES Act. The terms and conditions require that recipients be able to demonstrate that lost revenues and increased expenses attributable to COVID 19, excluding expenses and losses that have been reimbursed from other sources, exceed the total amount of Provider Relief funding received. The Hospital has recognized \$4,646,388 of the available funds as an offset to lost net patient revenue in the 2021 fiscal year. The Hospital has recognized \$1,491,679 of the available funds as part of grant revenue in the 2022 fiscal year. The Hospital recognized this as non-operating revenue per the guidance laid out in GASB Technical Bulletin 2020-1.

NOTE 23 - SUBSEQUENT EVENTS

In preparing these financial statements, the Hospital has evaluated events and transactions for potential recognition or disclosure through March 28, 2023, the date the financial statements were available to be issued.

LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a LADY OF THE SEA GENERAL HOSPITAL

PATIENT SERVICE REVENUES

FOR THE YEARS ENDED JUNE 30,

	2022	2021
Anesthesia	\$ 42,674	\$ 321,404
Cardiopulmonary	468,088	1,001,452
Central Supply	208,637	401,187
Clinics	6,427,930	5,475,175
Dialysis	820,248	5,153,421
EKG	261,043	573,499
Emergency Room	6,990,410	8,765,314
Home Health	1,078,688	1,431,867
ICU	247,400	378,375
Laboratory	8,991,082	13,250,314
Med/Surg	1,204,362	2,898,195
Observation	170,744	906,350
Operating Room	202,244	972,869
Pharmacy	2,449,086	4,178,993
Radiology	4,739,125	10,400,531
Therapy	1,907,397	2,475,672
GROSS PATIENT SERVICE REVENUE	36,209,158	58,584,618
Contractual Adjustments	(15,629,500)	(32,101,103)
NET PATIENT SERVICE REVENUE BEFORE PROVISION FOR DOUBTFUL ACCOUNTS	\$ 20,579,658	\$ 26,483,515

LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a LADY OF THE SEA GENERAL HOSPITAL

OTHER OPERATING REVENUES

FOR THE YEARS ENDED JUNE 30,

	<u>2022</u>	<u>2021</u>
Medical Records Revenue	\$ 46,942	\$ 36,911
Miscellaneous	19,872	63,745
Rebate Income	26,324	61,621
Rental Income - Clinics	<u>4,016</u>	<u>22,835</u>
Total Other Operating Revenue	<u>\$ 97,154</u>	<u>\$ 185,112</u>

LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a LADY OF THE SEA GENERAL HOSPITAL

SALARIES BY DEPARTMENT

FOR THE YEARS ENDED JUNE 30,

	<u>2022</u>	<u>2021</u>
Administration	\$ 557,545	\$ 521,037
Business Office	292,989	528,873
Cardiopulmonary	315,103	436,574
Clinic Administration	293,073	267,893
COVID Sick Pay	-	86,251
Education - Infection Control	73,553	176,956
Emergency Room	1,394,040	1,121,123
ER Doctors	1,330,412	1,454,186
Flex Pool - Emergency Room	3,829	47,195
General Accounting	164,367	220,585
Home Health	369,485	431,031
Housekeeping	144,073	275,149
Human Resource and Risk Management	139,061	145,291
ICU	79,049	323,489
Information Technology	274,185	311,416
Laboratory	548,115	792,204
Laundry	2,797	25,846
Learning Center	13,558	94,687
Maintenance	294,626	332,985
Medical Records	172,893	273,993
Medical/Surgical	250,693	1,151,269
Nursing Administration	1,989	7,537
Operating Room	71,568	355,388
Other	26,384	113,104
Pharmacy	360,881	407,092
Pharmacy Cut Off	893,902	845,623
Pharmacy Larose	523,425	492,108
Public Relations	101,194	116,714
Purchasing	114,247	120,058
Radiology	536,826	750,351
Renal Dialysis	108,745	369,827
Rural Health Clinics	3,468,372	3,490,447
Social Services	6,489	34,950
Ultrasound	15,349	76,821
Utilization Review	19,550	99,887
Total Salaries	<u>\$ 12,962,367</u>	<u>\$ 16,297,940</u>

LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a LADY OF THE SEA GENERAL HOSPITAL

EMPLOYEE BENEFITS

FOR THE YEARS ENDED JUNE 30,

	<u>2022</u>	<u>2021</u>
Disability Insurance	\$ 89,502	\$ 99,076
Hospitalization	1,570,529	2,111,773
Life Insurance	16,382	20,748
Pension Expense	354,518	405,462
Scholarships	24,000	16,000
Social Security	899,900	1,078,393
Workers' Compensation	81,978	91,900
Other	<u>163,206</u>	<u>3,169</u>
Total Employee Benefits	<u>\$ 3,200,015</u>	<u>\$ 3,826,521</u>

LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a LADY OF THE SEA GENERAL HOSPITAL

PURCHASED SERVICES BY DEPARTMENT

FOR THE YEARS ENDED JUNE 30,

	<u>2022</u>	<u>2021</u>
Administration	\$ 535,354	\$ 1,018,789
Anesthesia	41,160	255,538
Business Office	51,814	56,874
Cardiopulmonary	21,935	36,761
Clinic Pharmacy	17,481	23,062
Dialysis	75,617	67,111
Emergency Room	292,765	208,654
Freestanding Health Clinics	11,948	1,041
Home Health	137,940	192,511
Information Technology	2,414	3,461
Laboratory	251,278	233,683
Maintenance	53,494	13,790
Materials Management	15,331	18,948
Medical Clinic	-	31
Medical Records	6,756	2,935
Medical/Surgical	26,881	130,732
Nutritional Services	39,676	207,050
Operating Room	18,000	108,273
Outpatient Rehab	594,645	611,921
Pharmacy	30,990	68,730
Pharmacy - LaRose	15,118	20,490
Radiology	222,737	310,434
Rural Health Clinics	520,054	741,471
Social Services	-	100
Speech Therapy	-	242,643
340B - Outside Pharmacy	<u>160,161</u>	<u>263,470</u>
Total Purchased Services	<u>\$ 3,143,549</u>	<u>\$ 4,838,503</u>

LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a LADY OF THE SEA GENERAL HOSPITAL

SUPPLIES AND OTHER EXPENSES BY DEPARTMENT

FOR THE YEARS ENDED JUNE 30,

	<u>2022</u>	<u>2021</u>
Administration	\$ 864,629	\$ 959,193
Anesthesia	(24,149)	20,122
Business Office	14,406	23,423
Cardiopulmonary	52,212	88,327
Central Supply	-	-
Dialysis	110,758	426,504
Dietary	31,412	200,747
Education	4,344	11,852
Emergency Room	312,944	298,683
Freestanding Health Clinics	1,643	2,633
General Accounting	83,878	76,523
Home Health	50,248	87,633
Housekeeping	29,206	59,583
Human Resources	2,778	2,399
ICU	1,478	9,981
Information Technology	56,771	114,698
Laboratory	515,149	678,123
Laundry	6,683	29,617
Maintenance	255,109	708,178
Medical Clinic	139,090	25,095
Medical Records	34,562	42,757
Medical/Surgical	9,316	68,494
Operating Room	(86,078)	137,112
Outpatient Rehab	30,393	48,896
Pharmacy	983,304	733,957
Pharmacy - Larose	1,401,601	1,246,808
Pharmacy - Cutoff	3,117,867	2,655,925
Public Relations	90,973	104,020
Purchasing	586,982	553,091
Radiology	220,029	481,507
Rural Health Clinics	754,988	679,442
Surgery	1,109	270
Social Services	319	2,131
Utilization Management	2,050	4,337
340B Outside Pharmacy	151,831	218,654
	<u>\$ 9,807,835</u>	<u>\$ 10,800,715</u>
Total Supplies and Other		

LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a LADY OF THE SEA GENERAL HOSPITAL

GOVERNING BOARD EXPENSES

FOR THE YEARS ENDED JUNE 30, 2022

The Board of Commissioners receive no compensation for serving on the Board.

LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a LADY OF THE SEA GENERAL HOSPITAL

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO CHIEF EXECUTIVE OFFICER

JUNE 30,

	<u>2022</u>	<u>2021</u>
KAREN COLLINS		
Salary	\$ 174,271	\$ 169,081
Benefits-Insurance	4,441	11,115
Benefits-Retirement	5,666	5,501
Benefits-Disability/Life	1,117	
Travel	<u>591</u>	<u>300</u>
	<u>\$ 186,086</u>	<u>\$ 185,997</u>

**Glen P. Langlinais, CPA
Gayla L. Falcon, CPA**

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Elizabeth N. DeBaillon, CPA
Chadwick V. Fortier, CPA
John W. O'Bryan, CPA (Retired)**

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Chairman and Board of Commissioners
Lafourche Parish Hospital Service District No. 1
d/b/a Lady of the Sea General Hospital
Galliano, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Lafourche Parish Hospital Service District No. 1, State of Louisiana, Parish of Lafourche, d/b/a Lady of the Sea General Hospital, a component unit of the Lafourche Parish Council (Hospital), as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Hospital's basic financial statements, and have issued our report thereon dated March 28, 2023.

INTERNAL CONTROL OVER FINANCIAL STATEMENTS

In planning and performing our audit of the financial statements, we considered the Hospital's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Hospital's internal control. Accordingly, we do not express an opinion on the effectiveness of the Hospital's internal control.

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying "Schedule of Findings and Questioned Costs and Management's Corrective Action Plan", as items (Findings 2021-1 through 2021-3) that we consider to be material weaknesses.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Hospital's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests identified no findings of noncompliance that are required to be reported under *Government Auditing Standards*.

LAFORCE PARISH HOSPITAL SERVICE DISTRICT NO. 1'S RESPONSE TO FINDINGS

The Hospital's responses to the findings identified in our audit are described in the accompanying "Schedule of Findings and Questioned Costs and Management's Corrective Action Plan". The Hospital's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended for the information and use of the Board of Commissioners and management of the Hospital, others within the organization, federal awarding agencies, and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than those specified parties.

Sincerely,

Langlinais Broussard & Kohlenberg

LANGLINAIS BROUSSARD & KOHLENBERG
(A Corporation of Certified Public Accountants)
Abbeville, Louisiana

March 28, 2023

LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a LADY OF THE SEA GENERAL HOSPITAL

SCHEDULE OF FINDINGS AND QUESTIONED COSTS AND MANAGEMENT'S CORRECTIVE ACTION PLAN

For the year ended June 30, 2022

We have audited the financial statements of Lafourche Parish Hospital Service District No. 1, State of Louisiana, Parish of Lafourche, d/b/a Lady of the Sea General Hospital, a component unit of the Lafourche Parish Council (Hospital), as of and for the years ended June 30, 2022, and 2021, respectively, and have issued our report thereon dated March 28, 2023.

We conducted our audit in accordance with generally accepted auditing standards of the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the provisions of OMB Circular A-133. Our audit of the financial statements as of June 30, 2022, and 2021, respectively, resulted in an unmodified opinion.

Section I: Summary of Auditor's Reports

A. Report on Internal Control and Compliance Material to the Financial Statements:

Internal Control

Material Weaknesses:	Yes
Significant Deficiencies:	Yes

Compliance:	
Compliance Material to Financial Statements	No

Section II: Financial Statement Findings

Material Weaknesses

Finding 2022-1 Segregation of Duties

Condition and Criteria: The authorization, recording, and reconciling of transactions as well as the custody of assets related to those transactions are not adequately segregated in the general accounting function.

Cause: Employees responsible for those duties perform multiple tasks related to the function. Accounting supervisor can add vendors as well as issue checks. In addition, the comptroller, accounting supervisor, and accounts payable clerk can print checks with electronic signatures.

Effect: Failure to adequately segregate accounting and financial functions increases the risk that errors and irregularities, including fraud, may occur and not be prevented.

Recommendation: The authorization of transactions and decisions, recording of those transactions, reconciliation of those transactions, and custody of assets related to those transactions should be separate functions performed by different individuals. For the accounting function, the CFO should review work papers related to journal entries depending on the nature and amount of the journal entries.

LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a LADY OF THE SEA GENERAL HOSPITAL

SCHEDULE OF FINDINGS AND QUESTIONED COSTS AND MANAGEMENT'S CORRECTIVE ACTION PLAN

For the year ended June 30, 2022

Management Response: Compensating controls are in place for review of the work papers. The CFO reviews all work papers, check registers and reconciliations on a monthly basis. CFO will work with the comptroller to limit access to the number of positions having the ability to print checks with electronic signatures. Comptroller also monitors check numbers using a spreadsheet control document.

Finding 2022-2 Proposed Audit Adjustments

Condition and Criteria: The proposed audit adjustments for the fiscal years ended June 30, 2022 and 2021 had material effects on the financial statements.

Cause: Cost report settlements were not available for recording as of the date of the hospital financial close period.

Effect: The accounting department has a limited amount of time to review the year end closing adjustments.

Recommendation: The hospital should consider extending its closing date for the year end to allow time for a comprehensive review to be performed by the CFO so that all non-cost report related adjustments can be made in a timely manner. The proposed audit adjustments should be reviewed by knowledgeable hospital personnel and approved before posting.

Management Response: Management acknowledges there are proposed audit entries for the fiscal year end. June financials are kept open for an additional month beyond year end. End of year financials are presented as preliminary until final audit entries, including cost report entries, are posted. After cost report preparation, the end of year financials are presented as final.

Finding 2022-3 Bank Reconciliations

Condition and Criteria: Year-end bank reconciliations were not completed in a timely manner.

Cause: Operating transactions were not recorded timely in the general ledger.

Effect: Hospital made a significant number of manual journal entries to record all transactions.

Recommendation: Hospital should review general ledger detail for completeness monthly and reconcile bank accounts in a timely manner.

Management Response: Hurricane Ida caused catastrophic damage to the community and our physical plant resulting in the loss of accounting personnel and physical department, which caused this delay. We are in the process of training one of our existing staff to complete this function in a more timely fashion.

Section III: Management Letter Items

There are no management letter items at June 30, 2022.

LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a LADY OF THE SEA GENERAL HOSPITAL

SCHEDULE OF PRIOR YEAR FINDINGS

For the Year Ended June 30, 2022

Section I - Internal Control and Compliance Material to the Financial Statements

Finding 2021-1 Segregation of Duties

The authorization, recording, and reconciling of transactions as well as the custody of assets related to those transactions are not adequately segregated in the purchasing and receiving cycles and general accounting function.

Status: Unresolved. See Finding 2022-1.

Finding 2021-2 Proposed Audit Adjustments

The proposed audit adjustments for the fiscal years ended June 30, 2020 and 2019 had material effects on the financial statements.

Status: Unresolved. See Finding 2022-2.



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INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Chairman and Board of Commissioners
Lafourche Parish Hospital Service District No. 1
d/b/a Lady of the Sea General Hospital
Galliano, Louisiana

We have performed the procedures described in Schedule A – Procedures and Results, which were agreed to by Lafourche Parish Hospital Service District No.1, d/b/a Lady of the Sea General Hospital (Hospital), a component unit of Lafourche Parish Council, State of Louisiana, and on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2021 through June 30, 2022. The Hospital's management is responsible for those C/C areas identified in the SAUPs.

The Hospital has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2021 through June 30, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are described in Schedule A – Procedures and Results.

We were engaged by the Hospital to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Hospital and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Langlinois Broussard & Kohlenberg

LANGLINOIS BROUSSARD & KOHLENBERG
(A Corporation of Certified Public Accountants)
Abbeville, Louisiana
March 28, 2023

Schedule A – Procedures and Results

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - a) Budgeting, including preparing, adopting, monitoring, and amending the budget

Result: Policy provided included all of the above functions.

- b) Purchasing, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

Result: Policy provided included all of the above functions.

- c) Disbursements, including processing, reviewing, and approving

Result: Policy provided included all of the above functions.

- d) Receipts/Collections, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

Result: Policy provided included all of the above functions.

- e) Payroll/Personnel, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.

Result: Policy provided included all of the above functions.

- f) Contracting, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process

Result: Policy provided included all of the above functions.

- g) Credit Cards (and debit cards, fuel cards, P-Cards, if applicable), including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)

Result: Policy provided included all of the above functions.

- h) Travel and expense reimbursement, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers

See Independent Accountant's Report on Applying Agreed-Upon Procedures.

Result: Policy provided included all of the above functions.

- i) Ethics, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

Result: Policy provided included all of the above functions.

- j) Debt Service, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Result: Policy provided included all of the above functions.

- k) Information Technology Disaster Recovery/Business Continuity, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Result: Policy provided included all of the above functions.

- l) Sexual Harassment, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Result: Policy provided included all the above functions.

Board of Commissioners

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

Result: Procedure performed; no exceptions noted.

- b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds.

Result: Procedure performed; no exceptions noted.

- c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal

period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Result: Procedure Not Applicable – No exceptions noted in prior year.

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged)

Result: Bank reconciliations include such evidence with the exception of the Operating account and the LPHSD #1 account.

b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

Result: Procedure performed; no exceptions noted.

c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Result: Procedure not applicable – there were no reconciling items that were outstanding for more than 12 months.

Collections (excluding electronic funds transfers)

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

Result: Document provided; no exceptions noted.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

a) Employees that are responsible for cash collections do not share cash drawers/registers.

Result: Procedure performed; no exceptions noted.

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

Result: Procedure performed; no exceptions noted.

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

Result: Procedure performed; no exceptions noted.

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

Result: Procedure performed; no exceptions noted.

- 6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.

Result: Procedure performed; no exceptions noted.

- 7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.

Result: Procedure performed; no exceptions noted.

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

Result: Procedure performed; no exceptions noted.

- c) Trace the deposit slip total to the actual deposit per the bank statement.

Result: Procedure performed; no exceptions noted.

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

Result: Procedure performed; no exceptions noted.

- e) Trace the actual deposit per the bank statement to the general ledger.

Result: Procedure performed; no exceptions noted

See Independent Accountant's Report on Applying Agreed-Upon Procedures.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Result: Documents provided; no exceptions noted.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

Result: Procedure performed; no exceptions noted.

- b) At least two employees are involved in processing and approving payments to vendors.

Result: Procedure performed; no exceptions noted.

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

Result: Procedure performed; no exceptions noted.

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Result: Procedure performed; no exceptions noted.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

- a.) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.

Result: Procedure performed; no exceptions noted.

- b.) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Result: Procedure performed; no exceptions noted.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Result: Documents provided; no exceptions noted.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder.

Result: Procedure performed; no exceptions noted.

- b) Observe that finance charges and late fees were not assessed on the selected statements.

Result: Procedure performed; no exceptions noted.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Result: Procedure performed; no exceptions noted.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

- a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

Result: Procedure performed; no exceptions noted.

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

Result: Procedure performed; no exceptions noted.

- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

Result: Procedure performed; no exceptions noted.

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Result: Procedure performed; no exceptions noted.

Contracts

- 15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Alternately, the practitioner may use an equivalent selection source, such as an active vendor list. Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

- b)

Result: Procedure not applicable – contracts not subject to bid law.

- c) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

Result: Procedure not applicable – none of the selected contracts were required to be approved by the governing body/board.

- d) If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).

Result: Procedure not applicable – none of the selected contracts were amended.

- e) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Result: Procedure performed; no exceptions noted.

Payroll and Personnel

- 16. Obtain a listing of employees and elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials,

obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Result: Documentation provided; no exceptions noted.

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
- a) Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

Result: Procedure performed; no exceptions noted.

- b) Observe whether supervisors approved the attendance and leave of the selected employees/officials.

Result: Procedure performed; no exceptions noted.

- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

Result: Procedure performed; no exceptions noted.

- d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

Result: Procedure performed; no exceptions noted.

18. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

Result: Procedure performed; no exceptions noted.

19. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Result: Procedure performed; no exceptions noted.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above: obtain ethics documentation from management, and:
- a. Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

Result: Procedure performed; no exceptions noted.

- b. Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity’s ethics policy during the fiscal period, as applicable.

Result: Procedure performed; no exceptions noted.

Debt Service

21. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management’s representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued.

Result: Procedure not applicable – no debt was issued during the fiscal year.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management’s representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Result: Procedure performed; no exceptions noted.

Fraud Notice

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management’s representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Result: Procedure performed; no misappropriations were reported.

24. Observe the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Result: Procedure performed; no exceptions noted.

Information Technology Disaster Recovery/Business Continuity

25. Perform the following procedures, verbally discuss the results with management, and report “We performed the procedure and discussed the results with management.”

- a) Obtain and inspect the entity’s most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

Result: Procedure performed; no exceptions noted.

- b) Obtain and inspect the entity’s most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

Result: Procedure performed; no exceptions noted.

- c) Obtain a listing of the entity’s computers currently in use and their related locations, and management’s representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

Result: Procedure performed; no exceptions noted.

Sexual Harassment

26. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year

Result: Procedure performed; no exceptions noted.

27. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity’s premises if the entity does not have a website).

Result: Procedure performed; no exceptions noted.

28. Obtain the entity’s annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:

1. Number and percentage of public servants in the agency who have completed the training requirements;

Result: Procedure performed, 97.25% of employees have completed the training requirements.

2. Number of sexual harassment complaints received by the agency;

Result: Procedure performed; 0 complaints received.

3. Number of complaints which resulted in a finding that sexual harassment occurred;

Result: Procedure performed; 0 complaints received.

4. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

Result: Procedure performed; 0 complaints received.

5. Amount of time it took to resolve each complaint.

Result: Procedure performed; 0 complaints received.

Management Response: Hurricane Ida caused catastrophic damage to the community and our physical plant resulting in the loss of accounting personnel and physical department, which caused this delay. We are in the process of training one of our existing staff to complete this function in a more timely fashion.